31 August 1994

Memo to: Howard (cc: Mike Stone)
From: Tano

Following is the proposed final text and schedule for the MWEC royalties deal. My calculations, based on a realistic "break-even" number (at least $100,000 less than JRS had nominated), show that this deal starts to pay off at around 275,000 units sold. Each point (pardons) of participation would yield around $1275 per 100k units (i.e. 5% yields $6375 per 100k units). HSF is now projecting 400k by Christmas...

If this is doable, please get word to me and I will confirm it with the Board and subject to that, get it signed and distributed immediately. We left the schedule (of participants) to you, and have no problems with it as it is, but questions were raised about the dynamics of presenting a two-tiered list to everyone. Perhaps we should consider having a separate memo for each participant ("you will be the beneficiary of...etc.) and just state that participant's share; a master list (like the following) could be kept only for POINT's records. Please let me know your thoughts.

Millennium Whole Earth Catalog
POINT FOUNDATION Net Royalty Proceeds Agreement (Draft)

The individuals listed below will be the beneficiaries of distributions, if any, from a portion of net royalty proceeds derived from the publication of the *Millennium Whole Earth Catalog* (North American edition only, published by HarperSanFrancisco "HSF"—the "Book") as follows:

"Net Royalty Proceeds (NRP)" are defined as those future cash royalties, if any, received by POINT from HSF for sales of the Book after deduction for agent's fee (15%) and after POINT has received a total of [x$, to be determined by review of financial records] (the "break-even" amount above the publisher's advance and production payment to POINT). The NRP will be distributed 50% to POINT and 50% to the pool of beneficiaries below, as listed. All parties will rely on the semiannual reports of Book sales and royalties earned provided by HSF through the agent, John Brockman Inc. POINT is unilaterally making this commitment as a bonus pool to employees and volunteers who worked on the

Book and is under no obligation to fund distributions except as described above.

(all % in this list=share of the beneficial pool)
J. Baldwin—5%
David Burnor—5%
Winslow Colwell—5%
James Donnelly—5%
Ruth Kissane—5%
Kathleen O'Neill—5%
Michael Stone—5%
Todd Tibbets—5% NOUHUYS
Caius Van Nouys—5%
Howard Rheingold—5%
Lisa Winer—5%
Michael Ashenfelder—3%
Ann Bartz—3%
Jerry George—3%
Hacsi Horvath—3%
Mollie Rights—3%
Don Ryan—3%
Colleen Sumser—3%
John Sumser—3%
Karen Van Epen—3%
Carlos Winborn—3%
Barbara Blosser—3%

[In addition, Howard Rheingold is entitled to 12% (of the beneficial pool) in lieu of waived salary.]

These beneficial interests are non-transferable. This document is part of the permanent record of POINT FOUNDATION and will remain in force as long as the Book remains in print.

For POINT FOUNDATION

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By: (a member of the Board of Directors)
Date: September 1994